

2022 Federal Budget

The 2022 federal budget has been released. It's not the spending bonanza that it has been in previous years as the government tries to wind back Covid stimulus. In addition, pre-election budgets are always problematic as the announcements may not eventuate if there is a change in government.

Below are some key announcements from the 2022 budget

Businesses

Digital Adoption

Small Businesses will be able to claim an additional 20 per cent on business expenses and assets that support their digital adoption. This can include items such as portable payment devices, cyber security and cloud-based subscriptions.

We'll need to wait for further clarity to confirm if laptops or similar devices are included in the bonus deductions.

An annual cap of \$100,000 will apply for digital adoption expenditure.

The boost will apply to eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 (Budget night) until 30 June 2023, however all claims will be included on the 2023 tax return.

Skills and Training Boost

Small businesses will be able to claim an extra 20 per cent deduction for external training courses provided to employees.

The courses must be provided Australia or online, and delivered by entities registered in Australia.

Some exclusions will apply, such as for in-house or on-the-job training and expenditure on external training courses for persons other than employees.

The boost will apply to eligible expenditure incurred from 7:30pm (AEDT) on 29 March 2022 (Budget night) until 30 June 2024.

Taxable Payment Report

Taxable Payment reporting is currently required annually for selected industries where payments to subcontractors are reported to the ATO to help combat the 'cash economy' and income not being declared.

The reporting frequency is set to increase to align with the BAS lodgement cycle, with the changes expected to take effect from 1 January 2024.

Australian Apprenticeships Incentive System

In its first phase, from 1 July 2022 to 30 June 2024, the Australian Apprenticeships Incentive System will support employers of apprentices in priority and non-priority occupations with a wage subsidy; with apprentices in priority occupations entitled to access direct financial assistance. Priority occupations are those listed on the [Australian Apprenticeship Priority List](#).

From 1 July 2024, following a checkpoint to assess progress, support will be available for priority occupations only, through a mix of employer and apprentice payments, including a hiring incentive for employers; and training support payments for apprentices.

Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements

The [Boosting Apprenticeship Commencements](#) wage subsidy supports businesses and Group Training Organisations to take on new apprentices and trainees, to build a pipeline of skilled workers to support a sustained economic recovery.

Through the subsidy, any business or Group Training Organisation that engages an Australian Apprentice between 5 October 2020 and 30 June 2022 may be eligible for a subsidy of 50 per cent of wages paid to a new or recommencing apprentice or trainee. This covers a 12-month period from the date of commencement, to a maximum of \$7,000 per quarter.

After 12 months of this support employers will be eligible to transition to the time-limited Completing Apprenticeship Commencements (CAC) wage subsidy for the second and third years of an apprenticeship. Under the CAC, eligible employers will receive a 10 per cent wage subsidy in the second year of an eligible apprenticeship, up to a maximum of \$1,500 per quarter per apprentice, and a 5 per cent wage subsidy in the third year of their apprenticeship, to a maximum of \$750 per quarter per apprentice.

For more information, see [Employer Incentives | Australian Apprenticeships](#)

Instant Asset Write Off

Not a new announcement in the 2022 Budget but a reminder that the Instant Asset Write Off will continue to be available for assets installed and ready for use prior to 30 June 2023.

Individuals

Low and Middle Income Tax Offset (LMITO) extension

The LMITO will be increased from \$1,080 to \$1,500 for the 2022 financial year and will be available to individuals with income below \$126,000.

Cost of Living Payment

The Government will provide a \$250 economic support payment to help eligible recipients with higher cost of living pressures. The payment will be made in April 2022 to recipients of eligible social security payments and to concession card holders

Temporary Fuel Excise Reduction

There will be a temporary reduction in the fuel excise, with the excise be cut by 22.1 cents per litre. The reduction will be in place from 30 March 2022 until 28 September 2022.

While providing welcome relief at the bowser, Farmers, Transport and other industries will need to account for a reduction in the fuel tax credits claimed on BAS during this period

Women's Budget Statement

This 2022-2023 budget includes a Women's Budget Statement, focussed on issues particular to women. There are a raft of issues identified and measures aimed at solving them, including ending violence against women and children, increasing women's participation in the workforce, improving

women's health and retirement prospects. Amongst the many elements of the Budget spending highlighted in this Women's Budget Statement, the following stood out:

Child Care and Parental Leave

The Budget allows for an increase in the Child Care Subsidy for families with multiple children and removing the annual Cap on the Subsidy.

Eligible families will be able to access up to 20 weeks paid parental leave to be used by either parent. Currently the Paid Parental Leave is 18 weeks, plus 2 weeks Dad and Partner Pay, so whilst there is no additional government leave available, it does mean that families can choose who takes the available leave and when.

Leadership

To help improve gender equality in leadership roles, the Government has provided funding to the Australian Institute of Company Directors to deliver board diversity scholarships to support women to attend a company directors course.

The Office for Women will oversee a refresh of the Government's BoardLinks platform to improve its functionality, including navigation and search capability, improving visibility of upcoming government board vacancies, promoting greater board diversity, and providing links to established networks and industry partners.

Superannuation

From 1 April 2022, the Government's reform to improve the visibility of superannuation assets in family law proceedings will come into effect. The Australian Taxation Office will be able to share information with the Courts on superannuation assets held by parties during family law disputes. This will

help deliver fairer and more equitable outcomes for women going through separation proceedings by reducing the scope for former partners to under-disclose their assets.

From 1 July 2022, legislation comes into effect that removes the \$450 per month income threshold under which employees do not have to be paid the superannuation guarantee by their employer. The measure will improve the coverage of the superannuation system, making a real difference to the retirement savings of around 300,000 lower income workers per month, 200,000 of whom are women. Whilst we would also want them to tackle the reason why so many women are earning less than \$450 per month, removing this threshold means that at least those impacted will be receiving superannuation.

Also from 1 July 2022, the work test for non-concessional and salary sacrificed contributions to superannuation for individuals aged 67 to 75 will be removed, and the eligibility age for the downsizer contribution will be reduced from 65 to 60 years. As women are more likely to make voluntary contributions to their superannuation than men, this additional flexibility will increase the ability for women to make contributions later in life.

The extension of the downsizer contribution scheme – where the family home is sold and proceeds are contributed to superannuation – the extension applies to younger cohorts which will particularly benefit people with moderate superannuation balances, including women; women currently account for around 55 per cent of downsizer contributions

Housing

Announced in the 2021-22 Budget, the Family Home Guarantee is the first housing policy designed to specifically help single parents. The Family Home Guarantee supports single parents to build or purchase a home with a deposit of as little as two per cent. To build on the early success of this program, the

Government is doubling the number of places available under the Family Home Guarantee to 5,000 per year to 30 June 2025.

We will provide updates as more news/ information comes to light. As always, it's important to note that the budget announcements aren't real until the legislation has been finalised.

If you have any questions about how the Budget has affected you or your business, please contact our office on 08 6118 6111 or email hello@prescottsolutions.com.au

More Information

- Budget 2022-23 – [Budget.gov.au](https://budget.gov.au)
- Budget Measures Budget Paper No. 2 2022-23 https://budget.gov.au/2022-23/content/bp2/download/bp2_2022-23.pdf
- ATO: Latest news on tax law and policy <https://www.ato.gov.au/General/New-Legislation/Latest-news-on-tax-law-and-policy/>

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